

1-1-1999

Digest of Washington issues, 106th Congress, Winter/Spring 1999

American Institute of Certified Public Accountants. Washington Office Staff

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news

Recommended Citation

American Institute of Certified Public Accountants. Washington Office Staff, "Digest of Washington issues, 106th Congress, Winter/Spring 1999" (1999). *Newsletters*. 357.
https://egrove.olemiss.edu/aicpa_news/357

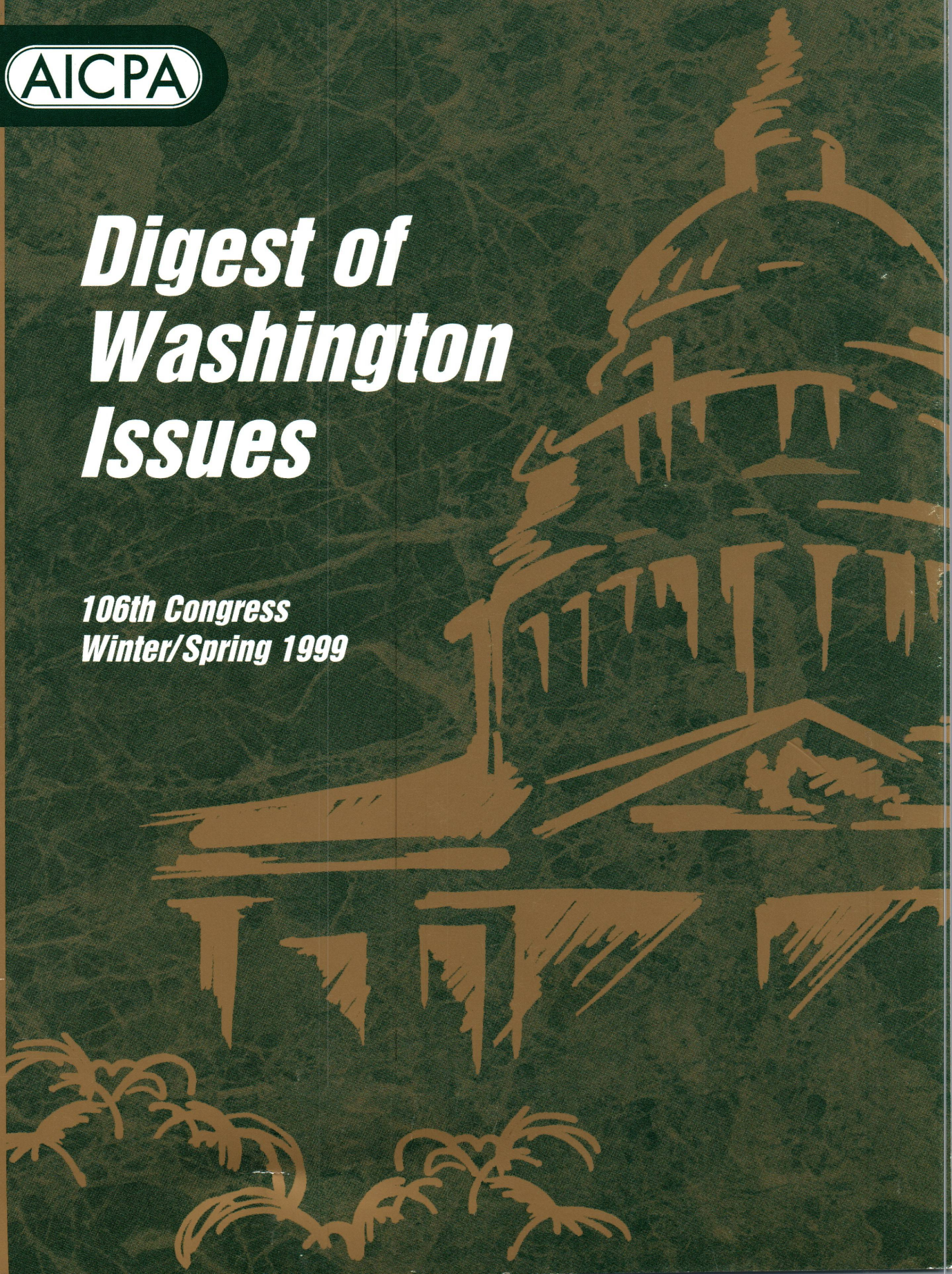
This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Digest of Washington Issues

***106th Congress
Winter/Spring 1999***



AICPA Washington Office Staff

Senior Vice President:

John E. Hunnicutt
Public Affairs
202/434-9203

Vice Presidents:

J. Thomas Higginbotham
Congressional and Political Affairs
202/434-9205

John M. Sharbaugh
State Societies and Regulatory Affairs
202/434-9257

Gerald W. Padwe
Taxation
202/434-9226

Directors:

Lynn Drake
Communications-Washington
202/434-9214

Ian A. MacKay
Professional Standards and Services
202/434-9253

Edward S. Karl
Taxation
202/434-9228

William R. Stromsem
Taxation
202/434-9227

Peter Kravitz
Congressional and Political Affairs
202/434-9218

AICPA Leadership

The Chair of the AICPA Board of Directors is elected from the membership and serves a one-year term. Olivia Kirtley, CPA, of Louisville, KY is the Chair of the AICPA. She is Vice President-Finance and Chief Financial Officer of Vermont American Corporation.

Barry C. Melancon, CPA, is the President of the AICPA.

The AICPA Council is the Institute's policy-making governing body. Its 263 members represent the more than 331,000 AICPA members from every state and U.S. territory. The Council meets twice a year.

The Board of Directors acts as the executive committee of Council, directing Institute activities between Council meetings. The 23-member Board of Directors includes three public members. The Board meets five times a year.

The work of the AICPA is done primarily by its volunteer members serving on approximately 130 boards, committees, and subcommittees. The AICPA has a permanent staff of about 700 and a revenue budget of \$144 million for the fiscal year ending in 1999.



ISO9001 Certified

Digest of Washington Issues

***106th Congress
Winter/Spring 1999***

www.aicpa.org

The CPA Vision

“Vision: The art of seeing things invisible.”

-- Jonathan Swift.

Visioning focuses efforts on desired, long-term outcomes and recognizes that change is a constant of the future. The accounting profession developed the CPA Vision to meet the challenge of retaining CPAs' premier position as a vital part of the world economy and global community in the 21st century. The CPA Vision embraces the tangible and intangible qualities that have defined the profession for over 100 years and provides the basis for expanding the value of the CPA in tomorrow's marketplace. Helping CPAs stay on top of the change curve is what the CPA Vision is all about.

CPAs are the trusted professionals who enable people and organizations to shape their future. Combining insight with integrity, CPAs deliver value by:

Communicating the total picture with clarity and objectivity,
Translating complex information into critical knowledge,
Anticipating and creating opportunities, and
Designing pathways that transform vision into reality.

The following elements make up the CPA Vision:

Core Values:

- Continuing Education and Life-Long Learning
- Competence
- Integrity
- Attuned to Broad Business Issues
- Objectivity

Core Services:

- Assurance and Information Integrity Services
- Technology Services
- Management Consulting and Performance Management Services
- Financial Planning
- International Services

Core Competencies:

- Communications and Leadership Skills
- Strategic and Critical Thinking Skills
- Focus on the Customer, Client and Market
- Interpretation of Converging Information
- Technologically Adept

CPAs Making sense of a changing and complex world

Table of Contents

	Highlights of Recent Action.....	1
<i>Public Policy Issues</i>	Social Security Reform	3
<i>Tax Issues</i>	Tax Cut Bill	5
	Generation-Skipping Transfer Tax	7
	Marriage Penalty	9
	Tax Simplification	11
	Alternative Tax Systems	13
<i>Auditing and Accounting Issues</i>	Accounting Standards-Setting Process	15
	ERISA Audit Requirements	17
	Pension Reform	19
<i>Technology Issues</i>	Year 2000 Problem	21
	Electronic Commerce	23
<i>Workplace Issues</i>	Application of Wage and Hour Laws to Professional Employees	25
<i>Other Issues</i>	Selected Other Issues	27

Highlights of Recent Action

Social Security Reform

This Congress will take on the contentious issue of how it should change the Social Security system to ensure Social Security's long-term financial viability. The AICPA released its comprehensive, non-partisan analysis of the major options to reform Social Security to Congress and the public in December 1998. The study gives lawmakers and the public an unbiased tool to develop a clear understanding of the facts and issues surrounding reform. Entitled *Understanding Social Security: The Issues and Alternatives*, the study is designed to help all interested Americans begin to understand how Social Security reform will affect the economy, as well as the finances of their parents, themselves, and their children. While our study does not identify a "right" solution, we do believe that Congress needs to act now, rather than later, to choose a solution and plan for a reasonable transition. The longer we delay, and the longer the financial issues go unsolved, the more difficult and painful the solution becomes.

Tax Cut Bill

Republican Congressional leaders have vowed to pass a tax cut this Congress. Targeted for inclusion are repeal or reduction of the marriage penalty, a reduction in the estate tax and an across-the-board reduction of income tax rates. Cuts in payroll and capital gains taxes also are on the table, as are tax cuts for business. The political debate over tax cuts will be played out against the backdrop of how the budget surplus should be used. While President Clinton will include some tax breaks in the budget he sends to Capitol Hill at the beginning of February, he does not endorse broad tax cuts. Instead, he proposes to use the budget surplus to fund Social Security and other initiatives. The AICPA leaves to political leaders the policy decisions involving the budget surplus, but advocates the need for reducing complexity in our nation's tax laws.

Generation-Skipping Transfer Tax

The AICPA is primed to push Congress to include a modification to the generation-skipping transfer tax (GST) in any tax package it considers. Last Congress, the AICPA developed, with the American Bar Association, the American Bankers Association and the American College of Trust and Estate Counsel, a proposal to modify the GST. Our proposal encompasses recommendations made by the staffs of the Joint Tax, House Ways and Means and Senate Finance Committees and by officials at the Treasury Department.

Marriage Penalty

The AICPA testified before Congress in 1998 that the marriage penalty should be reduced or eliminated because it is inequitable. Many Members of Congress agree with our assessment and have put it at the top of their lists of the tax changes they would most like to make. We will be urging Congress again to include it in any tax cut legislation.

**Accounting Standards-
Setting Process**

Financial Accounting Standards Board (FASB) Chairman Edmund Jenkins said at the end of last year that he expects legislation to be reintroduced in the 106th Congress that would undercut FASB's authority to establish financial accounting and reporting standards for public companies. The Institute agrees with Chairman Jenkin's assessment. We are unalterably opposed to having accounting standards set by the government and will continue to fight to have them set in the private sector.

Year 2000 Problem

Business's efforts to correct the Year 2000 problem (Y2K) should be encouraged by our nation's liability laws. The law should promote resolution of legitimate disputes and should not serve as a basis for abusive litigation brought by the class action trial bar. The AICPA and other members of the business community are collaborating with Members of Congress to craft a consensus bill that would be applicable only to Y2K liability disputes. The bill would create a right to sue in federal court, while restricting punitive damages arising from such disputes.

Electronic Commerce

The mushrooming volume of business conducted via the Internet spurred the last Congress to begin addressing a host of issues associated with this new business model. The last Congress acted only on the question of state and local taxation for Internet transactions by imposing a three-year moratorium on such taxes. Still to be addressed by this Congress are the issues of privacy and consumer protection.

The AICPA rolled out an initiative in 1998 that makes cyberspace a safer place to shop. *CPA Web TrustSM* is uniquely designed to provide consumer protection on the Internet through private sector controls. *CPA Web TrustSM* requires online businesses to fully disclose their business practices (including privacy), thereby giving consumers significant information on which to base their purchasing decisions. Web-site businesses that meet AICPA-defined criteria for standard business practices and controls are issued a *CPA Web TrustSM* seal of assurance. They must be re-certified periodically.

An AICPA task force is examining the ramifications of a host of tax questions related to electronic commerce. The task force is aiming to submit a paper analyzing the issues to the newly-created Advisory Commission on Electronic Commerce.

Social Security Reform

Issue:

How should Congress change the Social Security system to ensure its long-term financial viability?

Why It's Important to CPAs:

Every American has a stake in Social Security's future. On a personal level, CPAs are contributors and future beneficiaries. On a professional level, CPAs are involved with the Social Security system as business counselors, tax planners, and financial advisors to millions of Americans. CPAs' professional experience gives them a uniquely independent and objective role in the public policy debate.

Background:

Increased human longevity and reduced birth rate are at the heart of Social Security's long-term financial problems. In 1960, there were approximately eight-and-a-half workers for every Social Security beneficiary. Now, there are only three-and-a-third workers for every beneficiary. That number will decline to just over two in the year 2025. Social Security currently is largely a "pay-as-you-go" system. Fewer individuals paying into the system translate into fewer dollars collected to pay the benefits of a growing number of beneficiaries. The Social Security system will start spending more than it collects about 20 years from now, according to official estimates. Ten years later, all the trust fund's accumulated surplus will be depleted. Social Security will then be able to fund only about three-quarters of its "promised" retirement benefits. There is virtually no dispute that the data clearly demonstrate that the Social Security system faces a serious financial shortfall. There is, however, disagreement about how to characterize the shortfall. Those wishing to preserve the current structure consider it to be small and manageable. Proponents of more dramatic change often characterize it as a financial crisis.

Much of the future shortfall could be avoided if the federal government did not use the surplus now generated by Social Security contributions to pay for its operating expenditures. While Congress and the President claimed credit in 1998 for eliminating the budget deficit, the fact remains that an operating deficit still exists. The federal government uses a unified budget that nets the non-Social Security portion of the federal budget deficit against the large Social Security surplus. There are pro's and con's to this unified budget approach, but it is likely to be the budget approach used by the federal government in the future. One of the clear disadvantages is that it effectively hides the size of the current federal operating deficit. It also prevents accumulation of funds in a separate trust fund to be used to avoid future Social Security benefit shortfalls.

Three methods of improving the financial condition of Social Security are generally acknowledged—a reduction in benefits, an increase in revenues, and an increase to the rate of return on assets used to pre-fund Social Security benefits. As lawmakers analyze the implications of each of these options, they will also have to juggle philosophical differences, varying opinions about impact, and the age-old tradeoffs between fairness, simplicity, economic growth, and social policy.

Recent Action:

Several major proposals will be introduced in this Congress. Debate about how to improve the financial soundness of the Social Security system is already focused, because it seems to be the least painful, on increasing the rate of return of Social Security assets. Two approaches are being examined. The first would allow the trust fund to invest in equities and would involve only minor restructuring of the Social Security system. The second would "privatize" the system through the creation of new mandatory individual accounts that could invest in equities. The House Ways and Means Committee has scheduled Social Security reform hearings for this winter.

AICPA Position:

The AICPA released a comprehensive, non-partisan analysis of the major options to reform Social Security in December 1998. Entitled *Understanding Social Security: The Issues and Alternatives*, the study is designed to help all interested Americans begin to understand how Social Security reform will affect the economy, as well as the finances of their parents, themselves, and their children. The study is based on an extensive two-year review of literature and economic data on the Social Security system.

Some of the facts highlighted in the study include:

- Social Security keeps the majority of Americans over 65 out of poverty; in fact, for 40% of America's elderly, Social Security accounts for more than 75% of total income at retirement;
- About 90% of current retirees receive only \$750 per month, on average, from Social Security.
- Serious pockets of poverty still exist for the elderly, and therefore there is a corresponding reliance on Social Security income. Older women are twice as likely as men to be in poverty. And, for both African-Americans and Hispanic Americans, the elderly poverty rates hover at approximately 25%—about two and a half times larger than that for white Americans.

The study does not identify a "right" solution; instead, it gives lawmakers and the public an unbiased tool to develop a clear understanding of the facts and issues surrounding reform. We do believe that Congress needs to act now, rather than later, to choose a solution and plan for a reasonable transition. The longer we delay, and the longer the financial issues go unsolved, the more difficult and painful the solution becomes.

Jurisdiction:

House Ways and Means. Senate Finance.

AICPA Staff Contacts:

Gerald W. Padwe – Vice President, Taxation 202/434-9226
J. Thomas Higginbotham – Vice President, Congressional and Political Affairs
202/434-9205
Carol B. Ferguson – Technical Manager, Taxation 202/434-9243

Tax Cut Bill

Issue:

Should Congress pass a bill cutting taxes for American taxpayers?

**Why It's
Important to CPAs:**

Any major tax bill is important to CPAs because it gives the accounting profession a new opportunity to persuade Congress to simplify complex areas of our current tax system. Present tax law is indefensibly complicated—to the point that it threatens our system of voluntary compliance.

Background:

Last Congress Republicans attempted to pass a broad tax cut bill, but their efforts were thwarted when President Clinton called for the budget surplus to be reserved for the Social Security system.

Recent Action:

When the 106th Congress convened in January 1999, Republican Congressional leaders vowed to pass a bill this Congress that would cut taxes for American families. While details are sparse about what the tax cut bill will include, obvious targets are the payroll tax, capital gains tax, estate tax, and the marriage penalty (see page 9). Attempts probably will be made to rework the alternative minimum tax. Broad-based tax reductions also are likely to be on the table in the form of returning to the income tax rates of 15% and 28% or enacting an across-the-board tax cut. Cuts for business are also under consideration.

House Republicans plan to put their package together in the next few weeks.

In January 1999, President Clinton started laying out proposals he expects to include in his budget, which is due on Capitol Hill on February 1, 1999. The President's initiatives include a \$1,000 tax credit for families caring for relatives who need long-term care because of disability or illness and new tax breaks for child care and energy conservation. President Clinton does not support a broad tax cut. He wants to use the budget surplus to shore up the financially troubled Social Security system (see page 3).

AICPA Position:

The AICPA leaves to Congress and the President the policy decision about whether a tax cut should be enacted. However, the Institute strongly advocates the need for simplification of the tax code and supports proposals that would reduce complexity. Our proposal to modify the 1986 generation-skipping transfer (GST) tax is an example of how current complexity could be reduced (see page 7). We are poised to push lawmakers to add it to their tax cut bill.

Jurisdiction:

House Ways and Means. Senate Finance.

AICPA Staff Contacts:

Gerald W. Padwe - Vice President, Taxation 202/434-9226

Edward S. Karl - Director, Taxation 202/434-9228

Generation-Skipping Transfer Tax

Issue: Should Congress modify the generation-skipping transfer (GST) tax it enacted in 1986?

Why It's Important to CPAs: CPAs are concerned about the excessive complexity of the tax code, and the GST is an example of how complexity bedevils taxpayers because it provides a classic tax trap for the unwary.

Background: The GST is too mechanically complex for most American taxpayers to understand. As a result, taxpayers do not make timely allocation of the exemption that Congress provided when they make a gift in trust. Failure to make the timely allocation can later result in unintended and punitive taxes. Those taxpayers who try to allocate the GST exemption in good faith make mistakes because it is so complex.

The IRS cannot grant relief to taxpayers because the exemption allocation rules are statutory and not regulatory.

Recent Action: Last Congress, the AICPA, the American Bar Association, the American Bankers Association and the American College of Trust and Estate Counsel developed a proposal to modify the GST. While it has not been introduced yet this Congress, it was discussed, as it was being developed, with the staffs of the Joint Tax, House Ways and Means and Senate Finance Committees and with Treasury Department officials. Our proposal encompasses their recommendations.

It would:

- Extend the automatic GST exemption allocation rule (that currently applies to direct skips) to GST trusts (those trusts to which most people would want the GST exemption allocated). Those taxpayers who do not want the automatic allocation to apply could elect out of the allocation.
- Provide statutory authority for IRS to grant relief under its regulation to taxpayers for late allocations.
- Confirm that substantial compliance provisions cover allocations evident from the return and other documents.
- Extend the predeceased parent exception to provide for retroactive allocation of the GST exemption for unnatural orders of death when the transferor is still alive.
- Provide a trust severance rule to cover various situations including unexpected order of death and when there is an inclusion ratio between zero and one.

AICPA Position: The AICPA believes Congress should pass our proposal. The Institute is primed to push Congress to include the GST proposal in the tax cut bill Republican leaders plan to pass.

Jurisdiction: House Ways and Means. Senate Finance.

AICPA Staff
Contacts: J. Thomas Higginbotham, Vice President, Congressional & Political Affairs
202/434-9205
Gerald W. Padwe - Vice President, Taxation 202/434-9226
Eileen Sherr, Technical Manager, Tax Division 202/434-9256

Marriage Penalty

Issue:

Should Congress pass a bill to eliminate or reduce the marriage penalty?

**Why It's
Important to CPAs:**

CPAs believe the marriage penalty is inequitable and that Congress should reduce or eliminate it. Simplification of the tax system would be another important, positive result of reducing or eliminating the marriage penalty.

Background:

Under the current tax system, a "marriage penalty" and "marriage bonus" exist. The "marriage penalty/bonus" results when two married individuals have a greater (penalty) or smaller (bonus) tax liability than two single individuals with the same total incomes.

The fact that there are at least 63 provisions in the Internal Revenue Code where tax liability depends on whether a taxpayer is married or single illustrates how the marriage penalty adds complexity to the tax system. Most of these differences were created to make the tax code fair, to target benefits to specific taxpayers, or to prevent abuses. Some examples are the tax rates, standard deduction, earned income credit, social security benefits taxation, capital loss limits, IRAs, child credit, and education tax incentives.

The last Congress did not pass any of the many bills introduced that would have reduced or eliminated the marriage penalty.

Recent Action:

Most lawmakers have the marriage penalty at the top of their list of the tax changes they would most like to make this Congress. Marriage penalty bills are likely to flood this Congress. Members of Congress are sure to try reduce or eliminate the marriage penalty as part of the large tax cut bill GOP leaders have vowed to pass (see page 5).

AICPA Position:

The AICPA testified at a House Ways and Means Committee hearing on the marriage penalty in January 1998 that the marriage penalty should be reduced or eliminated because it is inequitable. Congress should consider alternatives for simplification and equity, the Institute said.

The AICPA laid out some possible approaches for Congress to consider: a tax credit or tax deduction for married couples, or a combined filing separate return with single rates applying to each spouse's taxable income, a broadening of the rate/bracket schedules applicable to married taxpayers, or a broadening of the phase-out ranges applicable to married taxpayers.

The AICPA followed up on its testimony by holding a marriage penalty/domestic relations tax roundtable with Members of Congress and their staffs in February 1998 to further explore these problems and potential solutions. The broad consensus among those Members of Congress and staff members participating was that the marriage penalty is unfair and should be modified or repealed.

Jurisdiction:

House Ways and Means. Senate Finance.

AICPA Staff Contacts:

Gerald W. Padwe - Vice President, Taxation 202/434-9226

Eileen Sherr - Technical Manager, Taxation 202/434-9256

Tax Simplification

Issue:

Can federal tax laws and regulations be simplified?

**Why It's
Important to CPAs:**

Tax simplification is important to CPAs because they know the status quo is indefensible. Our tax laws are so complex that they threaten to erode our system of voluntary tax compliance.

Background:

U.S. tax law is so complex because lawmakers have used it to implement social policies and to attempt to make the tax system fair. Numerous anti-abuse provisions in the Internal Revenue Code and regulations also contribute to the complexity.

While Congress has attempted several times in this decade to simplify the tax system, it has had only incremental success. Successes include a 1994 budget bill that put in place simpler rules concerning the amortization of intangible assets and a 1996 law that simplified certain S corporation requirements and simplified pension reporting requirements for small business. The 1998 law restructuring the IRS included a number of provisions that will result in broad simplification, although not in simplification of specific Internal Revenue Code sections. The IRS restructuring law also requires a complexity analysis of pending legislation; the complexity analysis is similar to the AICPA's *Complexity Index* described below, which the AICPA submitted to the National Commission on Restructuring the IRS.

Recent Action:

The 106th Congress will grapple with tax complexity. First, the 1998 IRS restructuring law requires that complexity be calculated for new tax laws. Second, it is taxpayers' continuing frustration with tax complexity that keeps alive the debate about whether there should be fundamental restructuring of the nation's tax system (see page 13).

AICPA Position:

Historically, the AICPA has been the most outspoken champion of tax simplification. At the end of 1998 we identified tax code complexity as the number one tax headache facing U.S. taxpayers in response to a request from the IRS National Taxpayer Advocate asking us to identify taxpayers' top headaches.

Last Congress, knowing that simplification was a major focus of the work of the National Commission on Restructuring the Internal Revenue Service and perceiving a receptive mood in Congress for simplification, the AICPA seized the opportunity to advance its campaign for tax simplification. As a result, many of the simplification recommendations that the IRS Restructuring Commission included in its June 1997 report were based on a package of AICPA recommendations.

The Institute's tax simplification recommendations about how the Internal Revenue Code could be simplified span issues affecting individuals, small Businesses, employee benefits, trusts, estates and gifts, corporations and shareholders, financial services and products, and international taxation.

The AICPA used its *Complexity Index* in developing the tax simplification package. The Institute updated and reissued the *Index* in 1997. The *Index* is designed to enable lawmakers and others to measure the degree of relative complexity—and, therefore, the potential for taxpayer confusion—contained in any tax proposal under consideration.

The AICPA believes that it is essential to simplify the tax code in order to preserve our voluntary compliance tax system. As a consequence, the AICPA has supported all the Congressional tax simplification efforts attempted during the 1990s and has offered Congress additional specific recommendations. During 1989 and 1990, the AICPA identified areas in existing tax law in need of simplification and worked with Congress and the Treasury to implement simplification proposals. In 1993, the AICPA submitted a proposal to Congress and the Treasury Department to significantly reform the alternative minimum tax. When the AICPA weighed in to the debate in 1995 on the tax provisions in the GOP's *Contract with America*, it emphasized the need for simplicity. More recently, the Institute testified before Congress about how President Clinton's 1997 tax proposals could be simplified.

Jurisdiction:

House Ways and Means. Senate Finance.

AICPA Staff Contacts:

Gerald W. Padwe - Vice President, Taxation 202/434-9226
Carol B. Ferguson - Technical Manager, Taxation 202/434-9243

Alternative Tax Systems

Issue:

Should Congress replace the current income tax system with an alternative tax system such as a flat tax or a consumption tax?

Why It's Important to CPAs:

The debate about an alternative tax system is important to the accounting profession because CPAs do not defend the current system, which is far too complex.

Background:

The complexity of the current law has raised questions about the law's basic fairness and caused some lawmakers to rethink the entire tax structure. During the last two Congresses, both flat tax and consumption tax proposals were introduced. How each type of tax works is described below:

Flat Tax:

A flat tax system imposes a single rate of tax on the tax base. It treats all taxpayers the same, whether similarly situated or not. While appealing from a simplicity viewpoint, it is generally recognized that a flat tax underestimates the many different elements that go into a tax system. Such a system is viewed by some as disruptive to the economy and unfair to many taxpayers. Others, however, note that the more deductions and exclusions that are added, the greater the complexity.

A 1995 staff report by the Joint Committee on Taxation (JCT) cautioned that replacing the current federal income tax with a flat-rate tax may not result in either a simple tax code or an equitable economic impact. The JCT report highlights longstanding difficulties associated with a flat tax. For example, business tax filing would remain complex. Decisions still would be required about which assets are depreciable, and under what method, which assets qualify for expensing, the basis of assets, the extent to which interest on debt is deductible, and which employee benefits are qualifying tax-exempt benefits and which are taxable compensation. As for individuals, the report concluded that—because only 21.1 million taxpayers out of 107 million individual returns claimed one or more of the deductions for mortgage interest, state and local taxes, and charitable contributions—eliminating itemized deductions under a flat tax will not benefit the majority of Americans.

Consumption Tax:

Basically defined, a consumption tax is imposed on the consumption of goods and services, rather than on income or savings. The four basic forms of consumption taxes are:

- Retail sales tax, which imposes a tax on the consumer for sales of broad categories of commodities or services at the point of sale;

-
- Credit-invoice value added tax (VAT), which is imposed on the value added to a particular commodity by businesses engaged in the various stages of producing goods or services;
 - Sales-subtraction VAT, in which the tax base is calculated by the business by reporting all taxable sales and deducting all taxable purchases and is imposed on value added in each accounting period, rather than by transaction; and
 - Individual consumption tax, which is a consumption-based income tax system under which taxes are collected from individuals rather than businesses. Savings and investment are exempt from taxation under an individual consumption tax.

A consumption tax could be imposed on top of existing taxes or as a substitute for part or all of other taxes (payroll, corporate, or individual).

Recent Action:

Overhauling the nation's tax system remains on the agenda of many Congressional leaders.

AICPA Position:

The CPA profession does not support the status quo for the nation's current tax system; clearly it is too complex.

The AICPA's 1996 study of flat taxes and consumption taxes emphasized the significant results (many unintended) that could occur if reform is not undertaken in a deliberate and thoughtful manner. Neither an AICPA endorsement of any particular proposal, nor a policy statement by the CPA profession favoring one alternative over another, the study was published by John Wiley & Sons. Entitled *Changing America's Tax System: A Guide to the Debate*, it was designed to help financial professionals begin to understand how an overhaul of the U.S. income tax system could affect their economic lives, their businesses, and their personal finances. A consumer version, *America's Tax Revolution: How It Will Affect You*, was also published by Wiley to provide all Americans with a personal perspective on the debate.

Jurisdiction:

House Ways and Means. Senate Finance.

AICPA Staff Contacts:

Gerald W. Padwe - Vice President, Taxation 202/434-9226
Carol B. Ferguson - Technical Manager, Taxation 202/434-9243

Accounting Standards-Setting Process

Issue:

Should accounting standards be set by the government or by the private sector?

**Why It's
Important to CPAs:**

The accounting profession believes accounting standards—which are the bedrock of the nation's economy because of the reliable and uniform financial information they provide—can best be set by a professional, independent private sector standard-setting body rather than by the government.

Background:

Congress gave the Securities and Exchange Commission (SEC) the statutory authority to establish financial accounting and reporting standards for public companies when it passed the Securities Exchange Act of 1934. Since enactment, the SEC has relied on the private sector to fulfill this responsibility. The Financial Accounting Standards Board (FASB) has been the organization charged with carrying out this function since it was formed in 1973. (Prior to FASB's formation, two AICPA-related entities set accounting standards—the Committee on Accounting Procedure from 1936-1959 and the Accounting Principles Board from 1959-1973.)

Periodically, as the political pressures surrounding a specific accounting standards-setting project build, some individual Members of Congress urge Congress to insert itself into the standards-setting process. The controversy that surrounded FASB's derivative and hedging project is an example of how some Members of Congress want Congress to become involved. (The now finalized 1996 proposal—*Accounting for Derivative and Similar Financial Instruments and for Hedging Activities*—requires all derivatives to be reported as assets and liabilities and measured at fair value.)

Congress's interest in this FASB project was fueled by the business community's (primarily the banking industry's) heated opposition to it and the resulting public debate. Pulled into the debate were Federal Reserve Board Chairman Alan Greenspan, who initially sided with the business community and called for FASB to reexpose the proposal, and SEC Chairman Arthur Levitt, who supported FASB. The AICPA Board of Directors weighed in on FASB's side. (Between the time FASB published a Research Report on hedging in 1991 and when it issued the Exposure Draft of the proposal in June 1996, FASB held 100 public meetings to discuss the issues involved. After releasing the Exposure Draft, FASB held four days of public hearings and 23 more public meetings.)

On December 17, 1997, FASB said it was extending the effective date of its proposal on derivatives and hedging to fiscal years beginning after June 15, 1999, thereby making the standard effective January 1, 2000, for calendar-year companies.

Two bills were introduced in the last Congress as a result of Congressional "concerns." The Senate bill, introduced by Senator Lauch Faircloth (R-NC), would have prohibited the application of FASB's derivative and hedging proposal to depository institutions, unless federal bank regulators certified that the accounting standards accurately reflect the earnings of banks. In the

House, Rep. Richard Baker (R-LA), the chairman of the House Banking Subcommittee on Capital Markets, introduced a bill that would have eviscerated the private standard-setting process by shifting it to the SEC. His attempts to attach the bill as an amendment to an omnibus banking bill failed.

Another illustration of how Congress can become involved in standard setting occurred in 1997. Senators Carl Levin (D-MI) and John McCain (R-AZ) planned to offer an amendment to the budget bill that would have limited the tax deduction for employee compensation paid in the form of stock options. In a letter to the senators, the AICPA characterized the proposed amendment as "highly inappropriate" because it would "effectively...inject Congress into the accounting standards-setting process." Furthermore, the AICPA pointed out that "strict SEC and IRS regulatory standards already are in place for stock option grants." In this instance, the senators dropped their plan to offer the amendment. Instead, the budget law included a non-binding Sense of the Senate Resolution calling for Congressional hearings.

Recent Action:

FASB Chairman Edmund Jenkins said in late 1998 that he expects legislation to be introduced in the 106th Congress that would undercut FASB's authority, even though such legislation did not pass last Congress and even though the sponsor of the Senate bill, Lauch Faircloth (R-NC), was defeated in the November 1998 elections.

AICPA Position:

The AICPA believes accounting standards should be set by the private sector and is unalterably opposed to having them set by the government. Even though the SEC has the statutory authority to set accounting standards, the SEC agrees with the accounting profession that accounting standards are best set by the private sector.

With regard to Congress's activities concerning FASB's derivative and hedging project, the AICPA Board of Directors approved a resolution in September 1997 supporting FASB as the primary accounting standard setter. The resolution stated, "We believe it is the private, independent FASB, with the oversight of the Securities and Exchange Commission (SEC), that is best positioned to set accounting standards that reflect economic realities in financial statements and result in the highest degree of investor and creditor protection in the public interest." (The resolution also endorsed FASB's derivative proposal. The AICPA testified at a FASB hearing in November 1996 in support of requiring the measurement of all derivatives at fair market value and recording them in the balance sheet as an asset or liability.) The Institute also wrote to Members of Congress to let them know of its support for FASB.

Jurisdiction:

House Banking. House Commerce. Senate Banking.

AICPA Staff Contacts:

J. Thomas Higginbotham - Vice President, Congressional and Political Affairs
202/434-9205

ERISA Audit Requirements

Issue:

Should audit requirements under the Employee Retirement Income Security Act of 1974 (ERISA) be changed?

**Why It's
Important to CPAs:**

ERISA's audit requirements are important to the accounting profession because they limit a CPA's ability to do his or her job. ERISA allows plan administrators, under certain conditions, to instruct independent accountants not to audit assets held by certain government regulated entities, such as banks. Such audits are known as limited-scope audits. At present, this authority is exercised in about half of the required ERISA audits.

Background:

In April 1992, a General Accounting Office (GAO) report was released recommending several changes in pension plan audits including:

- Requiring full-scope audits;
- requiring auditors to report fraud and serious ERISA violations promptly to the Department of Labor (DOL), if plan administrators do not do so; and
- requiring auditors to participate in a peer review program.

Legislation was introduced in each of the last four Congresses that would have implemented the GAO's 1992 recommendations, including the repeal of the limited-scope audit. However, strong opposition from employer groups stalled the bill.

A big push was made in 1996 to repeal limited-scope audits. Supporters of full-scope audits succeeded in having an amendment to repeal limited-scope audits pass the Senate as part of the Federal Aviation Administration Reauthorization Act. Unfortunately, opposition from the business community forced House and Senate conferees to drop the amendment. The business community argued that full-scope audits would dramatically increase audit costs. The AICPA strongly disagrees with the business community on this point and lobbied the conferees to retain the amendment. The Institute also called on its Federal Key Persons to urge the conferees to keep the language.

President Clinton joined the forces to repeal limited-scope audits on March 31, 1997, when, in a public statement about improving pension security, he stressed the importance of full-scope audits of pension plans. Secretary of Labor Alexis Herman also emphasized the DOL's support for the repeal of the limited-scope audit provision under ERISA when she testified on June 10, 1997, before the House Subcommittee on Human Resources and Intergovernmental Relations.

<i>Recent Action:</i>	Pension reform bills will be introduced in this Congress and are likely to include the DOL's 1995 proposal to eliminate limited-scope audits of employee benefit plans, which Congress has failed to pass so far.
<i>AICPA Position:</i>	<p>The AICPA, having been an advocate of full-scope audits since 1978, continues to push for Congress to repeal limited-scope audits. We heartily support the DOL's proposal.</p> <p>The AICPA and DOL jointly produced a video in 1997 in a collaborative effort to continue improvement of ERISA audits. The video was distributed to CPA firms and state CPA societies.</p>
<i>Jurisdiction:</i>	House Education and the Workforce. Senate Labor and Human Resources.
<i>AICPA Staff Contacts:</i>	<p>J. Thomas Higginbotham - Vice President, Congressional and Political Affairs 202/434-9205</p> <p>Wendy Frederick - Technical Manager, Professional Standards and Services 202/434-9211</p>

Pension Reform

Issue:

Do workers get adequate information about the financial condition of their pension plans from the only disclosures that most of them receive, as is required to be provided to them by the Employee Retirement Income Security Act of 1974 (ERISA)?

**Why It's
Important to CPAs:**

Central to the accounting profession's mission is ensuring meaningful financial reporting to help protect the investing public. With this mission in mind, the AICPA issued a set of proposals aimed at providing greater disclosure of information so that American workers are adequately informed about one of their most important investments—their pensions. Among them are disclosure requirements recommended in 1993 by the AICPA that will expand the information available to workers and retirees about the funding of their plans and the limits on the Pension Benefit Guaranty Corporation's (PBGC) guarantee. Unfortunately, this law only requires such disclosure to participants in underfunded defined benefit plans that are insured by the PBGC. Sponsors of fully-funded plans do not have to comply. Nor do plan sponsors whose plans are not covered by the PBGC.

Background:

During the early 1990s, the collapse of large companies in some of America's major industries focused the national media spotlight on how those collapses affected workers and, in particular, their pensions. Related horror stories of shattered dreams and reduced circumstances were told. However, despite the media attention and the personal identification that all workers can feel with those who have had their pension income cut, many Americans do not know the condition of their pension or how to find out. Furthermore, if they were to undertake the task of assessing the financial health of their pension plan, they would discover some of the critical information necessary to do the analysis is not routinely provided.

In April 1993, the AICPA called on the U.S. Congress and Department of Labor (DOL) to adopt our recommendations. The recommendations would ensure greater disclosure to help Americans find out what their pensions will be when they retire, whether their pensions are fully funded, and whether the government will pay the promised benefits if the employer cannot. Among the recommendations were the following:

- Audits of pension plan financial statements by independent CPAs should be full-scope in nature to make sure all plan investments are audited. Currently, ERISA requirements permit plan administrators to instruct independent accountants not to audit assets held in certain government regulated entities, such as banks. At present, this authority is exercised in about half of the required ERISA audits (see page 17).
- The DOL should enhance and expand the information required in the Summary Annual Report (SAR) to include such fundamentals as how much the plan has promised to pay participants, whether the plan is

currently funded to make good on those commitments, and whether plan benefits are insured by the PBGC. The SAR is the one document required by law to be furnished to employees annually by most pension plans and does not now contain this information.

The AICPA followed up its 1993 effort by issuing an educational brochure for defined contribution plan participants. Entitled *Saving for a Secure Retirement: How to Use Your Company's 401(k) Plan*, the brochure is designed as a guide for Americans whose employers offer these plans. The brochure offers step-by-step instructions for workers to calculate how much they need to save today to ensure a comfortable and secure retirement.

At the end of 1994, Congress passed the GATT world trade pact; it included a variety of pension law changes, which helped fund the cost of the trade bill. Among them are disclosure requirements recommended in 1993 by the AICPA that will expand the information available to workers and retirees about the funding of their plans and the limits of the PBGC's guarantee. Unfortunately, this law only requires such disclosure to participants in underfunded defined benefit plans that are insured by the PBGC. Sponsors of fully-funded plans do not have to comply. Nor do plan sponsors whose plans are not covered by the PBGC.

In 1997, the Savings Are Vital to Everyone's Retirement Act became law. The purpose of the Act was to increase retirement savings by launching a public education campaign.

Recent Action:

Pension reform proposals are sure to be introduced in the 106th Congress.

AICPA Position:

The AICPA is persisting in its campaign to educate workers about their pensions and was represented at the 1998 retirement savings summit mandated by the Savings Are Vital to Everyone's Retirement Act. The Institute also continues to support broader adoption of its 1993 recommendations by the federal government either through regulation or legislation.

Jurisdiction:

House Education and the Workforce. Senate Labor and Human Resources.

AICPA Staff Contacts:

J. Thomas Higginbotham - Vice President, Congressional and Political Affairs
202/434-9205

Ian A. MacKay - Director, Professional Standards and Services 202/434-9253

Year 2000 Problem

Issue:

Should Congress enact a law in 1999 to specifically govern litigation that may arise out of Year 2000 (Y2K) disputes?

**Why It's
Important to CPAs**

The accounting profession believes, as does the Securities and Exchange Commission (SEC), that investors need information about companies' assessments of the Y2K problem on their business and their plans to correct it, in order to make financial decisions. It is the responsibility of an entity's management to assess and remediate the effects of the Y2K issue on an entity's systems. This responsibility extends beyond the systems that produce financial information. It encompasses all systems, including those that are part of the entity's operational activities, such as safety, environment, production, machine control, service, and security activities. Management also is responsible for considering the effect that other entities' noncompliant systems may have on its operations and information systems. The board of directors has a responsibility to oversee the activities of management to ensure that the Y2K problem is receiving appropriate attention from management.

The auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Thus, the auditor's responsibility relates to the detection of material misstatement of the financial statements being audited, whether caused by the Y2K problem or by some other cause.

Furthermore, CPA experts in information technology are helping their clients grapple with the Y2K problem by assisting management to make decisions about how to update their computer systems. Individuals and firms performing this work face potential legal liability.

Background:

The Y2K issue consists of two shortcomings of many electronic data processing systems that make them unable to process year-date data accurately beyond the year 1999. The first is that early computer programmers abbreviated dates to save computer memory. The second is that the algorithm used in some computers for calculating leap years is unable to detect that the year 2000 is a leap year, which may result in incorrect date calculations.

Complicating the drive to correct the Y2K problem are the nation's current liability laws. These laws allow companies to be sued for disclosing vital information about Y2K issues. Lawmakers acknowledged last year that our liability laws and the threat of future lawsuits are major obstacles to industry's Ability to address Y2K problems before the end of the 1999. As a result, Congress passed a narrow bill that encourages companies to share information about the Y2K problem by providing limited liability protection for Y2K disclosure statements that later prove to be inaccurate. Congress recognized that the bill was not a complete solution—because it does not provide Liability protection for actual failures that result from systems or devices that do not make the date change—and that another bill would be needed in 1999.

Recent Action:

Representatives of the business community and Members of Congress are collaborating to craft a consensus bill applicable only to Y2K liability disputes that would create a right to sue in federal court, while restricting punitive damages arising from such disputes.

AICPA Position:

The AICPA encouraged Congress to pass the Y2K information sharing bill that became law last year and supports, and is participating in, the effort this year to develop a bill to limit liability arising from Y2K disputes. The Institute believes that Congress should pass narrow legislation to reduce the substantive Y2K liability facing the business community (on any number of legal theories) for a problem that is not readily attributable to being anyone's fault.

The Institute also supports the SEC's push to require management of public companies to disclose more information about management's efforts to overcome the Y2K problem. The Institute has been assisting the SEC since 1997 as it formulates its guidance. The initial guidance (revised Staff Legal Bulletin No. 5) was released in January 1998; the SEC's interpretive release (*Statement of the Commission Regarding Disclosure of Year 2000 Issues and Consequences by Public Companies, Investment Advisers, Investment Companies, and Municipal Securities Issuers*) was issued last summer.

The Institute is meeting head-on the challenges posed by the Y2K problem in other ways, too. In October 1998, the AICPA issued a revised edition of *The Year 2000 Issue—Current Accounting and Auditing Guidance*. The publication is designed to help auditors understand their responsibilities, promote Y2K awareness among their clients and encourage management to appropriately address this serious issue. It covers financial reporting, Y2K disclosure issues, assurance engagements, and auditor communications with clients regarding the Y2K issue. Also in October 1998, the Institute issued *Illustrative Reporting Guidance on Year 2000 Disclosures Made Under GASB TB 98-1*. Guidance on the application to the Year 2000 Problem of Statement on Auditing Standards (SAS) No. 59, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*, also was issued during 1998 by the Audit Issues Task Force of the AICPA's Auditing Standards Board, as were several other auditing and attestation interpretations.

Jurisdiction:

House Judiciary. Senate Judiciary.

AICPA Staff Contacts:

Alan W. Anderson, Senior Vice-President, Technical Standards 212/596-6144
J. Thomas Higginbotham, Vice President, Congressional and Political Affairs
202/434-9205

Electronic Commerce

Issue:

Should Congress pass legislation regulating commerce on the Internet?

**Why It's
Important to CPAs:**

The accounting profession believes it has a role in enhancing electronic commerce and in providing consumers more confidence in electronic transactions.

Background:

The mushrooming volume of electronic commerce spurred the last Congress to begin addressing a host of issues associated with this new model for doing business. Among the topics were consumer protection, privacy, and state and local taxation of business transactions on the Internet.

Internet taxation was the only area in which legislation was enacted. An Internet tax moratorium bill was passed as part of the omnibus spending bill that Congress approved at the end of 1998. The law imposed a three-year moratorium on state and local taxes on Internet access, as well as on multiple or discriminatory taxes on electronic commerce. The law also established a 19-member commission to study electronic commerce tax issues and to prepare a report to Congress. The law specifies that the panel, the Advisory Commission on Electronic Commerce, be composed of the U.S. Secretaries of Commerce and Treasury, U.S. Trade Representative, eight representatives from business and industry and eight representatives from state and local governments. Members of the Advisory Commission have been appointed since the law's enactment, and the Advisory Commission is expected to begin its work soon.

Recent Action:

Debate on privacy and consumer protection issues is on-going and will drive the introduction of legislation in the 106th Congress.

In the late fall of 1998, President Clinton directed the Department of Commerce and Federal Trade Commission (FTC) to work together to thwart cyber-fraud through education, industry self-regulation, and enforcement of existing fraud laws. The President also called for industry and consumer groups to forge partnerships to develop "redress mechanisms for online consumers." In December 1998, the FTC announced it will hold a public workshop this spring regarding international consumer protection concerns arising in the United States as a result of electronic commerce and to determine how government, industry, and consumers can work together to encourage the development of a global marketplace that offers safety, transparency, and legal certainty.

AICPA Position:

The AICPA rolled out an initiative in 1998 that makes cyberspace a safer place to shop. *CPA Web TrustSM* is uniquely designed to provide consumer protection on the Internet through private sector controls. *CPA Web TrustSM* requires online businesses to fully disclose their business practices (including privacy), thereby giving consumers significant information on which to base their purchasing decisions. Web-site businesses that meet AICPA-defined criteria for standard business practices and controls are issued a *CPA Web TrustSM* seal of assurance.

The business's practices and controls are periodically reevaluated by a CPA, and the seal will not be renewed if the business has not met the criteria it set for itself. The *CPA Web TrustSM* seal can be clicked on by a consumer visiting the web site, revealing the results of the CPA's examination of the online business, as well as the *CPA Web TrustSM* Principles and Criteria used during the CPA's examination of the online business. Only CPAs who have completed training, been licensed by the AICPA, and perform the engagement in accordance with professional standards are qualified to issue the *CPA Web TrustSM* seal of assurance.

An AICPA task force is examining the ramifications of a host of tax questions related to electronic commerce. The task force is aiming to submit a paper analyzing the issues to the newly-created Advisory Commission on Electronic Commerce.

Jurisdiction:

House Commerce. Senate Commerce.

AICPA Staff Contacts:

Alan W. Anderson, Senior Vice-President, Technical Standards 212/596-6144
J. Thomas Higginbotham - Vice President, Congressional and Political Affairs
202/434-9205

Application of Wage and Hour Laws To Professional Employees

Issue:

Should the 1938 Fair Labor Standards Act (FLSA) be re-written, without jeopardizing workers' protection, to reflect the realities of the contemporary family/workplace environment?

Why It's Important to CPAs:

How the FLSA is interpreted by the Department of Labor (DOL) is important to CPAs because it impacts the management of their practice, as well as how many of their clients conduct their businesses. Accountants and certain of their employees are "exempt" from the FLSA under the Act's professional exemption provision but do not have a specific exemption such as lawyers, doctors, or teachers. "Junior-level" accountants and CPAs early in their careers, depending on the work they actually perform, may, in some cases, be considered by the federal government, under highly complex and confusing FLSA regulations and conflicting court cases, to be hourly employees. Removal of the professional exemption entitles those employees to seek compensation for all the "overtime" worked during the past two years.

Background:

The FLSA was enacted by Congress in 1938 to protect hourly employees; under the FLSA, employers are required to pay a minimum wage per hour and also to pay overtime for any hours over 40 worked in a pay period, unless they are exempt. Exempted from the law by Congress were executive, administrative, and professional employees. However, recent interpretations of the regulations implementing the FLSA by DOL personnel and the courts have eroded the exemption for professionals. Courts have held that pay docking for salaried professionals violates the FLSA, even though for many employees it is a benefit to take unpaid leave to meet family obligations.

Republican leaders in the last two Congresses have pushed to amend the FLSA so that hourly, private-sector employees could choose between overtime pay and extra time off when they work more than 40 hours in a given week; federal government employees already have this option. GOP efforts stalled in the face of President Clinton's threatened veto and labor's opposition. The opposition stemmed from fears that employees' rights would be undercut and that employers would coerce employees into taking paid time off (compensatory "comp" time) instead of cash. Heavy workloads, in turn, then would make it hard for workers to use the time off they've "banked."

The bill passed by the House last Congress would have allowed private sector, hourly employees to choose comp time through written agreements with their employers. It included the following employee protections: 1) Employers must pay cash wages for any unused accrued time at year's end; 2) Employers who coerce employees into choosing comp time instead of overtime wages are liable to the employee for double damages; 3) Employees can withdraw from a comp time arrangement at any time and can request cash payment for accrued, unused comp time at any time; and 4) All enforcement remedies apply to an employer failing to pay wages for accrued comp time or refusing to allow an employee to use accrued comp time.

Recent Action:

It is unclear whether the 106th Congress will consider comp time legislation. Republican leaders in the House could again pass a similar bill, but this would most likely fail in the Senate because bipartisan support is needed. In order to be successful, a new approach will have to be developed that addresses labor's concerns.

AICPA Position:

The AICPA supported the comp time legislation during the past two Congresses, even though it was primarily aimed at hourly "nonexempt" workers. (CPAs are generally classified under DOL rules as "exempt" professionals.) The AICPA strongly endorsed last Congress's Senate bill because it addressed the partial-day leave problem for professionals. The broader changes supported by the AICPA and others were not included in the bills considered by the past two Congresses because Congressional leaders thought, incorrectly, that limiting the bills' scope would help ensure their passage. However, the AICPA and a wide cross-section of companies, professional groups, and associations continue to seek alternative ways to update the FLSA so that it helps further the goal of workplace flexibility for both employees and employers.

Jurisdiction:

House Education and the Workforce. Senate Labor and Human Resources.

AICPA Staff Contacts:

J. Thomas Higginbotham - Vice President, Congressional and Political Affairs
202/434-9205

Lisa M. Dinackus - Manager, Congressional and Political Affairs
202/434-9276

Selected Other Issues

Some of the other legislative, regulatory, and tax issues that the AICPA is monitoring include:

Tax Issues:

- Limited Liability Company regulatory consistency
- Tax options for revenue enhancement

***Auditing and
Accounting Issues***

- GAAP/RAP issues
- Single Audit Act Amendments of 1996 implementation by U.S. Office of Management and Budget
- Federal program audit guides

***Professional/Human
Resource Issues:***

- Tax incentives for the creation of affordable, quality child care options
- Minority education incentives

If you would like additional details about any of these issues, please contact our office.

Notes

Notes

AICPA Profile

History:

The American Institute of Certified Public Accountants (AICPA) was founded in 1887. Its creation marked the emergence of accountancy as a profession, distinguished by its rigorous educational requirements, high professional standards, strict code of professional ethics, licensing status, and commitment to serving the public interest.

The AICPA is the national professional association for all certified public accountants in the United States. Members are CPAs from every state and territory of the United States, and the District of Columbia. Currently, there are more than 331,000 members. Approximately 40 percent of those members are in public practice, and the other 60 percent include members working in industry, education, government, and other categories.

Mission and Objectives

The mission of the AICPA is to provide members with the resources, information, and leadership that enable them to provide valuable services in the highest professional manner to benefit the public as well as employers and clients. In fulfilling its mission, the AICPA works with state CPA organizations and gives priority to those areas where public reliance on CPA skills is most significant. The AICPA engages in the following activities to achieve its mission:

- Advocacy—Serves as the national representative of CPAs before governments, regulatory bodies and other organizations in protecting and promoting members' interests.
- Certification and Licensing—Seeks the highest possible level of uniform certification and licensing standards and promotes and protects the CPA designation.
- Communications—Promotes public awareness and confidence in the integrity, objectivity, competence and professionalism of CPAs and monitors the needs and views of CPAs.
- Recruiting and Education—Encourages highly qualified individuals to become CPAs and supports the development of outstanding academic programs.
- Standards and Performance—Establishes professional standards; assists members in continually improving their professional conduct, performance, and expertise; and monitors such performance to enforce current standards and requirements.

Visit our web site at www.aicpa.org



The CPA. Never Underestimate The Value.SM